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Kathleen Q. Abernathy
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

January 12, 1999

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Mail Stop 1170
Washington, D.C. 20554

RE: CS Docket No. 98-178, Application of Tele-Communications, Inc. and AT&T
Corporation for Transfer of Control of Commission Licenses and Authorizations

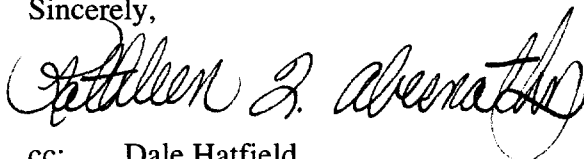
Dear Ms. Salas:

On January 11, 1999, the undersigned on behalf of U S West met with Dale Hatfield and Stagg Newman of the Office of Engineering and Technology regarding the AT&T/TCI merger proceeding. Attached is the material used in the meeting.

In accordance with Section 1.1206(b)(2) of the Commission's rules, the original and one copy of this letter, with attachment, are being filed with your office. Acknowledgment and date of receipt of this transmittal is requested. A duplicate of this letter is included for this purpose.

Please contact me should you have any questions concerning this matter.

Sincerely,



cc: Dale Hatfield
Stagg Newman

Attachment

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U S WEST
CS DOCKET NO. 98-178

FCC EX PARTE PRESENTATION
JANUARY 11, 1999

Kathleen Q. Abernathy

HARMONIZATION OF REGULATION

- The Commission should consider the 706 proceeding in conjunction with the proposed merger of AT&T/TCI.
- AT&T/TCI's network, especially considering AT&T's ownership of TCG, is being made capable of providing residential and business customers with broadband services.
- Asymmetric treatment of the ILECs vis-a-vis AT&T/TCI is not logical. AT&T/TCI will be the largest domestic, long-distance, wireless, cable, and competitive access provider in the world and one of the largest internet providers, The Commission should treat the combined entity and the BOCs equally for regulatory purposes.
- To the extent U S WEST is required to unbundle its broadband facilities, AT&T/TCI should be required to do the same.

HARMONIZATION OF REGULATION

Access to Essential Broadband Facilities

- Access to loops and collocation are essential to getting new services to customers. Beyond that, flexibility is critical to quickly and ubiquitously deploy high-speed data networks throughout the country. This is true for ILEC DSL services and AT&T/TCI's cable modem service.
- AT&T/TCI would create a lopsided market for advanced telecommunications.
 - AT&T argued in the 706 proceeding that U S WEST's xDSL network should be unbundled. However, it intends to keep access to its high-speed data network closed.
 - Ask yourself: why does AT&T favor unbundling of the BOCs' xDSL network but not its cable modems? Is this the best way to ensure lower prices and more competition for consumers?

HARMONIZATION OF REGULATION

- **Additional unbundling obligations imposed on BOCs alone are unnecessary and will threaten investment in new technologies.**

- **Michael Armstrong:**

“AT&T/TCI will be spending close to \$2 billion to upgrade TCI’s network to enable it to offer high speed services and other telecom companies should not be given a ‘free ride’ on that investment. That could dry up financial resources AT&T/TCI will need to complete their plan and also hinder competition. ‘No company will invest billions of dollars to become a facilities -based broadband services provider if competitors who have not invested a penny of capital, nor taken an ounce of risk, can come along and get a free ride on the investment s and risks of others.’”

Telecommunications Reports, November 3, 1998

HARMONIZATION OF REGULATION

- **Parity of regulation for new, competitive, broadband and data services— is absolutely essential to ensure the rapid broad deployment of new technology and new services to residential consumers. Discriminatory regulation would skew markets, drive inefficient technology, and harm the public interest.**
- **If the Commission requires the LECs to unbundle their xDSL facilities and offer DSL service at a discount, the Commission should impose similar conditions on the AT&T/TCI merger to prevent anticompetitive harm and promote competition.**
- **The best solution is to let the marketplace work and allow LECs to offer broadband services on an integrated basis with safeguards in place to ensure nondiscriminatory access to loops and collocation space.**